

Contractor insurance policy requirements change

Insurance companies must provide DLI notice of policy cancellation or nonrenewal

Minnesota’s insurance laws (M.S. 60A.36) changed Jan. 1, 2011, so that a contractor’s or business’ insurance company must provide DLI written notice of a policy cancellation or nonrenewal, subject to the terms of the policy. Policyholders must notify their insurance company, through an endorsement on the policy, that DLI is to be notified if the insurance policy is canceled or not renewed.

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CCLD Licensing and Certification Services
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St. Paul, MN 55155

Liability insurance is required

Businesses and contractors issued licenses by DLI must “have and maintain” general liability insurance coverage for the license to be valid. This means the business or contractor must have a general liability insurance policy in effect when a license is issued and maintain continuous liability insurance coverage throughout the license period.

Cancellation notice

In the event of a policy cancellation, insurers are required by law to send a written notice to the department “at the same time that a cancellation request is received from or a notice is sent to the insured.” Notice to DLI is required to be made if the insurance company cancels or non-renews the policy, subject to the terms of the policy.

Policy endorsement

Before an insurance company can notify the department of a policy cancellation or non-renewal, it needs to know who and where to send the notice. The licensed business or contractor must notify the insurer, through an endorsement to the insurance policy, that the department will be notified if the insurance company cancels or non-renews the policy. DLI’s name and address is and should appear as the certificate holder as:

ACORD form accepted

Because of changes in the cancellation notice language of the ACORD Certificate of Liability Insurance and notification requirement for cancellation or non-renewal of liability insurance, DLI will now accept the most recent version of the ACORD Certificate of Liability Insurance form (ACORD 25 2010/05) as evidence of insurance coverage. The content on the certificate must include:

- the insurance company name and its NAIC number;
- policyholder’s legal name, assumed name (dba) if applicable, and physical address;
- policy information including policy number, effective date, expiration date, and policy limits;
- insurance agent information and signature; and
- DLI identified as the certificate holder.

Enforcement

Any licensed business or contractor failing to keep their liability insurance coverage in effect is immediately presumed to be unlicensed and, as such, prohibited from acting or holding themselves out as a licensed business or contractor. Unlicensed activity is a misdemeanor and will result in enforcement action against the business or contractor, including a civil penalty of up to \$10,000 for each violation. Licensed businesses and contractors that discontinue their liability insurance coverage must terminate their license by returning the license certificate to the department.

View the mandatory liability insurance laws for Minnesota’s construction trades

326B.33, Subd. 16

- Electrical contractor
- Elevator contractor
- Technology system contractor

326B.46, Subd. 2

- Plumbing contractor

326B.921, Subd. 6

- High-pressure-piping business

327B.04, Subd. 4(c)(2)

- Manufactured home Manufacturer
- Manufactured home dealer
- Manufactured home dealer subAgency

326B.56, Subd. 2(b)

- Water conditioning contractor

326B.86, Subd. 2

- Residential building contractor
- Residential remodeler
- Residential roofer
- Manufactured home installer